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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/777,586	02/12/2004	Roger Howard Williams III	U 015456-6	4935
140	7590	06/30/2006	EXAMINER SUBRAMANIAN, NARAYANSWAMY	
LADAS & PARRY 26 WEST 61ST STREET NEW YORK, NY 10023			ART UNIT 3628	PAPER NUMBER

DATE MAILED: 06/30/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b> 10/777,586	<b>Applicant(s)</b> WILLIAMS, ROGER HOWARD	
	<b>Examiner</b> Narayanswamy Subramanian	<b>Art Unit</b> 3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 1 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) ☒ Responsive to communication(s) filed on 24 March 2006.
- 2a) ☐ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) ☒ Claim(s) 1-107 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☐ Claim(s) \_\_\_\_\_ is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☒ Claim(s) 1-107 are subject to restriction and/or election requirement.

#### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)   | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date <u>3/24/2006</u> . | 6) <input type="checkbox"/> Other: _____  |

**DETAILED ACTION**

1. This office action is in response to applicant's communication of March 24, 2006. Amendments to the abstract have been entered. Objections to the abstract made in the last office action have been withdrawn in view of the amendments. Rejections made under 35 USC 112, second paragraph have been withdrawn as indicated in the applicant's communication. Claims 1-107 are pending in this application and are subject to election/restriction as discussed below.

***Election/Restrictions***

2. Restriction to one of the following inventions is required under 35 U.S.C. 121:

I. Claims 1-49, 51, 56-104 and 106, drawn to a method and system for enabling market-based pricing of a financial instrument, the method comprising the steps of: a debtor selling to a creditor an instrument evidencing borrowing of a principal; the creditor selling to the debtor a call option to repay the principal, or a portion thereof, early relative to an original maturity time of the instrument; the debtor selling to the creditor a rate put option (RPO); the debtor receiving the value of the RPO as well as a right, if market interest rates have changed and the debtor's call option has been exercised, to have the principal adjusted to reflect an absorption by the debtor of new market-interest rates; the debtor paying an initial stated level of interest to the creditor; the creditor giving the debtor the option to retire any amount of the principal at any time; the debtor selling to the creditor a right to cause the debtor to pay, in the future, a different interest rate from an interest rate payable at a time of inception of the instrument; and if the creditor exercises the right to cause the debtor to pay the different interest rate, the debtor receiving an adjustment to the principal, classified in class 705, subclass 38.

II. Claims 53-55, drawn to a computer-based system and methods for structuring an interest-bearing instrument, comprising: means for adding to a borrowing a rate put option on an interest rate of the borrowing; and means for permitting correlative adjustments to an outstanding loan principal of the borrowing.

III. Claims 50, 52, 105 and 107, drawn to a method and system for structuring an interest-bearing instrument in a subject market, the instrument having a debtor, a creditor, a sensitivity to parameter changes, an extension risk, a credit risk, and an underlying obligation having a principal size, an interest rate, and a payment timing, the method comprising the steps of: providing that the instrument's sensitivity to parameter changes allow a debtor and a creditor to agree upon any possible combination or permutation of principal and interest to be paid, and the timing thereof; providing that the instrument's extension risk and credit risk be completely subject to the creditor's and debtor's control through a calculation of an agreement upon interest rates; and providing that any options in the subject market may be made explicit, may be priced, and may be used to control the principal size, interest rate, and payment timing of the underlying obligation.

The inventions are distinct, each from the other because of the following reasons:

3. Inventions I and II are related as sub combinations disclosed as usable together in a single combination. The sub combinations are distinct from each other if they are shown to be separately usable. It is evident from the steps of the two inventions that the inventions are different in scope and utility. A utility of invention I is enabling market-based pricing of a financial instrument which is different from the utility of invention II, which is structuring an interest-bearing instrument. Invention I can be used in situations that call for whereas Invention

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II is generally useful for. See MPEP § 806.05(d). Because these inventions are distinct for the reasons given above and the search required for Group I is not required for Group II, restriction for examination purposes as indicated is proper, even though they are classified in the same class and subclass.

Inventions I and III are related as sub combinations disclosed as usable together in a single combination. The sub combinations are distinct from each other if they are shown to be separately usable. It is evident from the steps of the two inventions that the inventions are different in scope and utility. A utility of invention I is enabling market-based pricing of a financial instrument which is different from the utility of invention III, which is structuring an interest-bearing instrument in a subject market. See MPEP § 806.05(d). Because these inventions are distinct for the reasons given above and the search required for Group I is not required for Group II, restriction for examination purposes as indicated is proper, even though they are classified in the same class and subclass.

Inventions II and III are related as sub combinations disclosed as usable together in a single combination. The sub combinations are distinct from each other if they are shown to be separately usable. It is evident from the steps of the two inventions that the inventions are different in scope and utility. A utility of invention II is adding to a borrowing a rate put option on an interest rate of the borrowing which is different from the utility of invention III, which is providing that the instrument's extension risk and credit risk be completely subject to the creditor's and debtor's control through a calculation of an agreement upon interest rates. See MPEP § 806.05(d). Because these inventions are distinct for the reasons given above and the

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search required for Group III is not required for Group II, restriction for examination purposes as indicated is proper, even though they are classified in the same class and subclass.

4. Applicant is advised that reply to this requirement to be complete must include an election of the invention to be examined even though the requirement be traversed (37 CFR 1.143). Applicant is respectfully advised to cancel the non-elected claims in response to this office action.

5. Also invention I contains claims directed to the following patentably distinct species:

Claims 2-46 and 57-101 are directed to different species of the generic feature of the instrument evidencing borrowing.

Specie 1A Claims 2-26, 31-38, 57-81, 86-93

Specie 1B Claims 27, 82

Specie 1C Claims 28, 83

Specie 1D Claims 29, 84

Specie 1E Claims 30, 85

Specie 1F Claims 39, 94

Specie 1G Claims 40, 95

Specie 1H Claims 41, 96

Specie 1I Claims 42, 97

Specie 1J Claims 43, 98

Specie 1K Claims 44, 99

Specie 1L Claims 45, 46, 100, 101

If Invention I is elected applicant is required under 35 U.S.C. 121 to elect a single disclosed species from the above list for prosecution on the merits to which the claims shall be restricted if no generic claim is finally held to be allowable. Currently, claim 1 is generic.

Further claims 3-26, 31-38, 58-81, 86-93 of Specie 1A are directed to different Sub-species of the generic feature of the types of mortgage.

Specie 1A1 Claims 3, 5-13, 58, 60-68

Specie 1A2 Claims 4, 14-38, 59, 69-81, 86-93

If Specie 1A is elected, the applicant is required under 35 U.S.C. 121 to elect a single disclosed species from the above list for prosecution on the merits to which the claims shall be restricted if no generic claim is finally held to be allowable. Currently, claim 1A is generic.

Further claims 5-13, and 60-68 of Specie 1A1 are directed to different Sub-species of the generic feature of residential mortgage.

Specie 1A1A Claims 5, 60

Specie 1A1B Claims 6, 61

Specie 1A1C Claims 7, 62

Specie 1A1D Claims 8-13, 63-68

If Specie 1A1 is elected, the applicant is required under 35 U.S.C. 121 to elect a single disclosed species from the above list for prosecution on the merits to which the claims shall be restricted if no generic claim is finally held to be allowable. Currently, claim 1A1 is generic.

Similarly claims 14-38, 59, 69-81, 86-93 of Specie 1A2 are directed to different Sub-species of the generic feature of commercial real estate mortgage.

Specie 1A2A Claims 14-19, 69-74

Specie 1A2B Claims 20, 31, 32, 75, 86-93

Specie 1A2C Claims 21, 76

Specie 1A2D Claims 22, 77

Specie 1A2E Claims 23, 78

Specie 1A2F Claims 24, 79

Specie 1A2G Claims 25, 80

Specie 1A2H Claims 26, 81

If Specie 1A2 is elected, the applicant is required under 35 U.S.C. 121 to elect a single disclosed species from the above list for prosecution on the merits to which the claims shall be restricted if no generic claim is finally held to be allowable. Currently, claim 1A2 is generic.

6. Applicant is advised that a reply to this requirement must include an identification of the species that is elected consonant with this requirement, and a listing of all claims readable thereon, including any claims subsequently added. An argument that a claim is allowable or that all claims are generic is considered nonresponsive unless accompanied by an election.

Upon the allowance of a generic claim, applicant will be entitled to consideration of claims to additional species which are written in dependent form or otherwise include all the limitations of an allowed generic claim as provided by 37 CFR 1.141. If claims are added after the election, applicant must indicate which are readable upon the elected species. MPEP § 809.02(a).

Should applicant traverse on the ground that the species are not patentably distinct, applicant should submit evidence or identify such evidence now of record showing the species to be obvious variants or clearly admit on the record that this is the case. In either instance, if the



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examiner finds one of the inventions unpatentable over the prior art, the evidence or admission may be used in a rejection under 35 U.S.C. 103(a) of the other invention.

4. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached at (571) 272-6747. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Dr. N. Subramanian

May 16, 2006